## FAR EAST

FOR SECRET

1. CHINA: International force to protect Shanghai suggested—According to US Embassy Nanking, the rapid deterioration of the military situation may soon lead to a breakdown of local authority in Shanghai. The Embassy points out that during the chaotic period preceding the Communist occupation, foreign lives and property in Shanghai may be endangered. The Embassy suggests that in such circumstances the US Navy "may feel obliged to take unilateral action," sending forces ashore to protect US lives and to aid in an emergency evacuation. The Embassy considers that it would be more desirable if, by prearranged invitation of the Chinese Government, an international force performed such policing, and believes that such an arrangement would probably be acceptable to the Communists.

Nationalists may have "written off" Shanghai—The Commander of US Naval Port Facilities in Shanghai considers that the National Government may have already "written off" the Yangtze delta. He bases this view on information indicating that: (a) the Government has ordered the transfer within two weeks of all Shanghai ammunition and military supplies to Fukien Province; and (b) Nationalist troop strength in the delta area is less than 30,000.

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